

Federated Floating Rate Strategic Income Fund



## Pursuing Total Return and Competitive Income with Low Volatility

Federated Floating Rate Strategic Income Fund offers a unique, multi-sector approach. The fund invests in floating-rate securities, which may have relatively low interest-rate volatility—a critical advantage for fixed-income investors in rising-rate environments.

### The Floating-Rate Advantage

Floating-rate securities pay interest at rates that “float”—or reset—at a spread above market rates, such as Libor, according to a predetermined schedule. This gives investors the opportunity to pursue a competitive income stream that keeps pace with changing interest rates.

### Flexibility to Invest Where the Opportunities Are<sup>1</sup>

The fund offers a strategic mix of three historically non-correlated sectors:

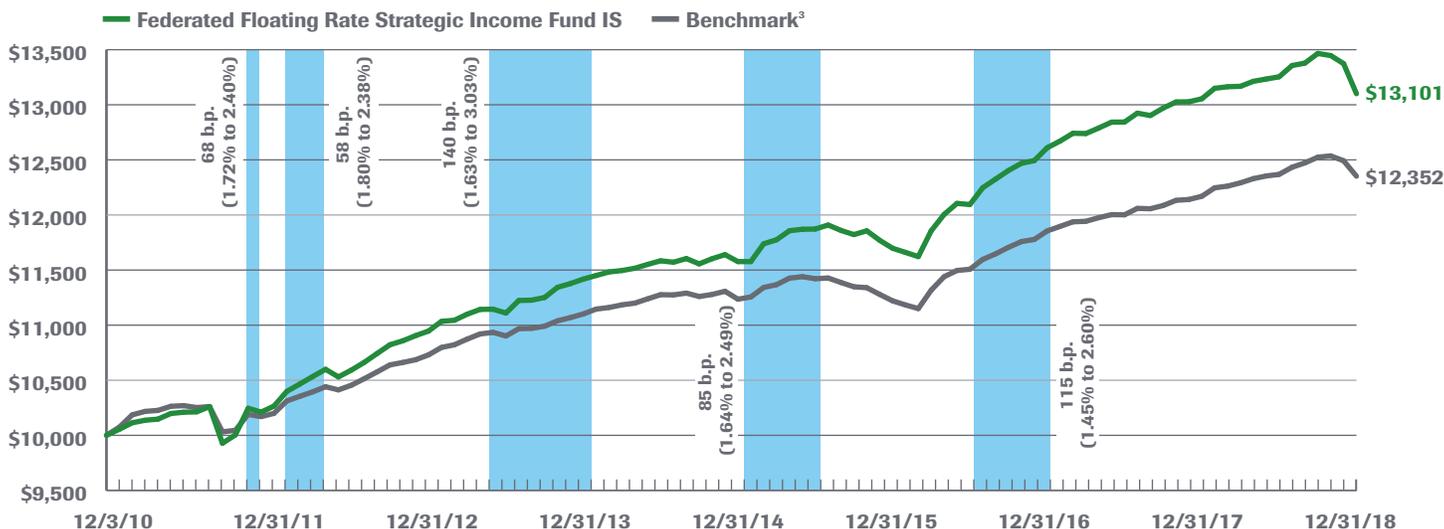
- U.S. non-investment grade (primarily adjustable floating-rate bank loans)
- U.S. investment grade (primarily adjustable-rate mortgage-backed securities)
- International (primarily floating-rate trade-finance instruments)<sup>2</sup>

### Extensive Multi-Sector Management Experience

The fund managers fully utilize their extensive multi-sector, multi-market-cycle track record by flexibly positioning the fund in what they believe to be the most attractive sectors (up to 75% in any sector). The fund team continues to adjust the sector mix and duration based on relative valuations and economic and market conditions.

### Benchmark-Beating Performance Since Inception

The fund has outperformed even when 10-year Treasury yields increased more than 50 basis points



Shaded areas represent increase of 50 basis points or more in 10-Year U.S. Treasury Yields.

Sources: Morningstar, Inc.; Federated Investors, Inc.

Performance quoted represents past performance, which is no guarantee of future results. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than what is stated. To view performance current to the most recent month-end, and for after-tax returns, contact us or visit [FederatedInvestors.com](http://FederatedInvestors.com). See the prospectus for other fees and expenses that apply to a continued investment in the fund.

\$10,000 invested since inception (12/3/10-12/31/18).

<sup>1</sup> There is no guarantee that this investment strategy will be successful.

<sup>2</sup> The trade-finance allocation is limited to 15% of the portfolio. Other securities may be held to increase international exposure.

<sup>3</sup> Benchmark (55% Credit Suisse Leveraged Loan Index/15% ICE 1-Month Libor/30% ICE BofAML 1-Year U.S. Treasury Note Index).

All information as of 12/31/18 unless otherwise noted.

## Fund Characteristics

**Portfolio Assets:** \$1.0 billion

**Benchmark:** 55% Credit Suisse Leveraged Loan Index/15% ICE 1-Month Libor/30% ICE BofAML 1-Year U.S. Treasury Note Index

## Top Holdings (%)

|  |      |
|--|------|
| Invesco Senior Loan ETF  | 1.0  |
| Charter Communications OP, Term Loan B - 1st Lien, 04/30/2025            | 0.9  |
| BWay Corp., Term Loan B - 1st Lien, 04/03/2024                           | 0.9  |
| Las Vegas Sands, Term Loan - 1st Lien, 03/27/2025                        | 0.9  |
| Telenet Financing USD LLC, Term Loan AN - 1st Lien, 08/15/2026           | 0.7  |
| Ortho-Clinical Diagnostics, Inc., Term Loan B - 1st Lien, 06/01/2025     | 0.7  |
| GNMA1 2012-77 FE, 5/16/2041  | 0.7  |
| GNMA1 2012-42 HF, 3/20/2042  | 0.6  |
| Government National Mortgage Association 2012-41, FA, 2.3478%, 4/16/2028 | 0.6  |
| Dana, Inc., Term Loan B - 1st Lien, 11/16/2025                           | 0.6  |
| U.S. Treasury Future   | -3.5 |

## Key Investment Team

Mark Durbiano, CFA  
Steven Wagner  
B. Anthony Delserone, Jr., CFA  
Todd Abraham, CFA  
Christopher McGinley

**Investors should carefully consider the fund's investment objectives, risks, charges and expenses before investing. To obtain a summary prospectus or prospectus containing this and other information, contact us or visit [FederatedInvestors.com](http://FederatedInvestors.com). Please carefully read the summary prospectus or the prospectus before investing.**

The fund's R6 Shares commenced operations on December 27, 2016. For the period prior to the commencement of operations of the R6 Shares, the performance information shown is for Institutional Shares. The performance of the Institutional Shares has not been adjusted to reflect the expenses applicable to the R6 since the R6 Shares have a lower expense ratio than the expense ratio of the Institutional Shares. The performance of the Institutional Shares has been adjusted to remove any voluntary waiver of the fund's expenses related to the Institutional Shares that may have occurred during the period prior to the commencement of operations of the R6 Shares.

### A Word About Risk

Mutual funds are subject to risks and fluctuate in value.

Bond prices are sensitive to changes in interest rates, and a rise in interest rates can cause a decline in their prices.

High-yield, lower-rated securities generally entail greater market, credit/default and liquidity risks, and may be more volatile than investment-grade securities.

Diversification does not assure a profit nor protect against loss.

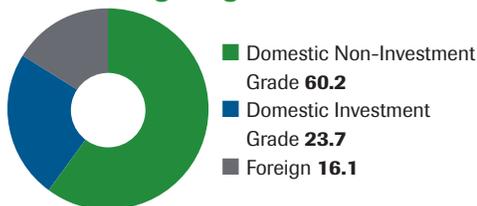
The value of some mortgage-backed securities may be particularly sensitive to changes in prevailing interest rates, and although the securities are generally supported by some form of government or private insurance, there is no assurance that private guarantors or insurers will meet their obligations.

Variable- and floating-rate loans and securities generally are less sensitive to interest-rate changes but may decline in value if their interest rates do not rise as much or as quickly as interest rates in general. Conversely, variable and floating-rate loans and securities generally will not increase in value as much as fixed-rate debt instruments if interest rates decline.

In addition to the risks generally associated with debt instruments, such as credit, market, interest-rate, liquidity and derivatives risks, bank loans are also subject to the risk that the value of the collateral securing a loan may decline, be insufficient to meet the obligations of the borrower or be difficult to liquidate.

International investing involves special risks, including currency risk, increased volatility, political risks and differences in auditing and other financial standards.

## Sector Weightings (%)<sup>4</sup>



<sup>4</sup> The breakdown does not give effect to the impact of derivative investments by the fund, including futures.

## Average Annual Total Returns (%)

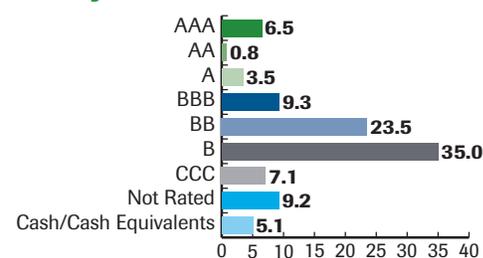
Performance shown is before tax.

|           | Performance Inception | Cumulative 3 Month | 1 Year | 3 Year | 5 Year | Expense Ratio** |                |               |
|-----------|-----------------------|--------------------|--------|--------|--------|-----------------|----------------|---------------|
|           |                       |                    |        |        |        | Since Inception | Before Waivers | After Waivers |
| R6        | 12/3/10               | -2.61              | 0.36   | 3.82   | 2.73   | 2.96            | 0.78           | 0.72          |
| IS        | 12/3/10               | -2.71              | 0.35   | 3.85   | 2.79   | 3.40            | 0.85           | 0.74          |
| A (NAV)   | 2/23/11               | -2.80              | 0.00   | 3.48   | 2.43   | 2.95            | 1.18           | 1.09          |
| A (MOP)   | 2/23/11               | -4.71              | -1.97  | 2.78   | 2.01   | 2.68            | 1.18           | 1.09          |
| Benchmark |                       | -1.38              | 1.51   | 3.26   | 2.16   | -               | -              | -             |

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**\*\* The fund's expense ratio is from the most recent prospectus. The expense ratio may reflect voluntary fee waivers and/or expense reimbursements determined by the fund's Advisor and its affiliates. The voluntary waivers and/or reimbursements, if applicable, are in effect up to but not including the later of 6/1/19 or the date of the fund's next effective prospectus.**

## Quality Breakdown (%)<sup>4,5</sup>



## Definitions

The holdings percentages are based on net assets at the close of business on 12/31/18 and may not necessarily reflect adjustments that are routinely made when presenting net assets for formal financial statement purposes. Because this is a managed portfolio, the investment mix will change.

ICE BofAML 1-Year U.S. Treasury Note Index is comprised of a single issue purchased at the beginning of the month and held for a full month. At the end of the month that issue is sold and rolled into a newly selected issue. The issue selected at each month-end rebalancing is the outstanding two-year Treasury note that matures closest to, but not beyond, one year from the rebalancing date. To qualify for selection, an issue must have settled on or before the month-end rebalancing date.

Credit Suisse Leveraged Loan Index is designed to mirror the investable universe of the U.S. dollar-denominated leveraged loan market. Average values are computed over the Index for coupon, current yield, initial spread and price. The average coupon, current yield and initial spread are weighted by market value (amount outstanding multiplied by the price) at the end of the measurement period for each loan currently paying interest in the Index. Total return is computed for each loan, which is the percent change in the value of each loan during the measurement period. Total return is the sum of three components: principal, interest and reinvestment return.

ICE 1-Month Libor or London Interbank Offered Rate, is the interest rate offered by a specific group of London banks for U.S. dollar deposits with one-month maturity.

Indexes are unmanaged and cannot be invested in directly.

### Ratings and Rating Agencies

<sup>5</sup> The ratings agencies that provided the ratings are Standard and Poor's, Moody's and Fitch. When ratings vary, the highest rating is used. Credit ratings of A or better are considered to be high credit quality; credit ratings of BBB are good credit quality and the lowest category of investment grade; credit ratings BB and below are lower-rated securities ("junk bonds"); and credit ratings of CCC or below have high default risk. The credit quality breakdown does not give effect to the impact of any credit derivative investments made by the fund. These ratings are subject to change.